Improving Procurement Outcomes: Lessons from US Cities, Counties, and States

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Contracting is approximately half of government consumption expenditures

Government production function

\[
\text{public goods} = F(\text{government employees, goods & services acquired from private sector})
\]


- Employee compensation: $512 billion
- Retiree compensation: $177 billion
- Contracting: $586 billion

Cities

- Boston contract spending is 49 percent of budget
- Fort Worth contract spending is 48 percent of budget

(Liebman and Azemati, How Cities Can Improve Their Procurement of Goods and Services, Manhattan Institute, 2016)
It takes deliberate effort to produce competition.
Vendors often have solutions government isn’t aware of

Explain problem, let vendors suggest solutions
We need better conceptual frameworks on when to consolidate contracts and when to split them apart.
The signing of a contract is the beginning not the end of the procurement process.

Link to GPL policy brief
In some contexts, very small performance payments may be all that is necessary
Two components of equity

**Equity in who receives contracts**

**Equity in service delivery**

Building diverse wealth is possible

See “Maynard Jackson: the Ultimate Champion for Black Business.”
Elevating the status of procurement

Glendale, AZ

GPL policy brief

Memphis, TN
We need better conceptual frameworks for incorporating equity considerations into benefit-cost analyses for federally-funded infrastructure projects.
The GPL’s Framework for Procurement Excellence

The GPL’s Procurement Excellence Framework is a set of strategies designed to help governments use procurement and contracting to achieve better outcomes for residents.

- **Efficient**: Transforms the procurement process to be efficient, inviting, and transparent.
- **Results-Driven**: Improves the outcomes of contracted programs, products, and services.
- **Equitable**: Invests in equity to improve economic mobility and achieve better outcomes for marginalized populations.
- **Sustainable**: Elevates and resources procurement as a strategic function.

To learn more, please visit [https://govlab.hks.harvard.edu/](https://govlab.hks.harvard.edu/)
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